



Departmental Business Plan and Outlook

**Department Name: HOUSING FINANCE HFA OF
MIAMI DADE COUNTY**

**Fiscal Year
2005/2006**

**Plan Date:
January 2006**

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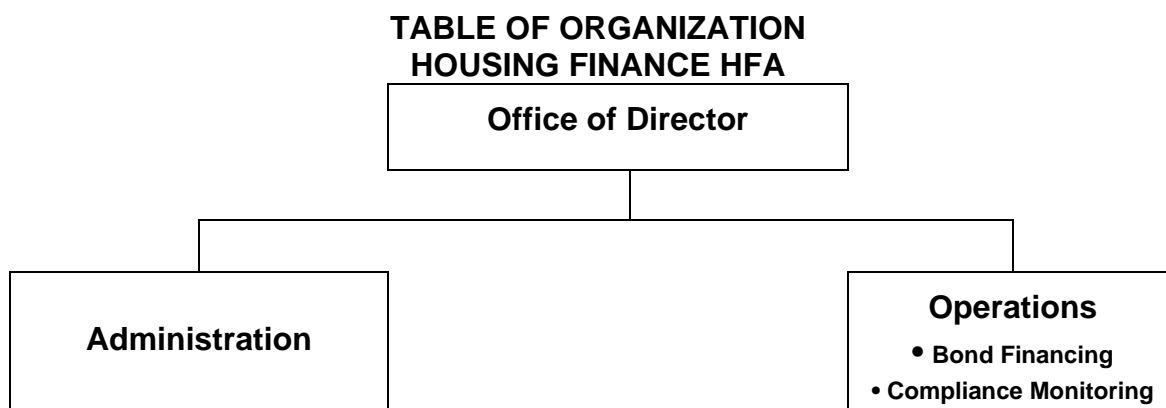
Goals:

HH5: Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County.

ED1: Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas.

EXECUTIVE SUMMARY

The HFA's mission is to alleviate the shortage of affordable residential housing available to low and moderate-income families and individuals in Miami-Dade County.



- *The HFA's 2005 Single Family program generated \$13 million dollars of mortgage financing for 80 new homeowners in Miami-Dade County.*
- *The Multifamily program currently has one proposal under consideration for 2004-2005 which is projected to generate 100 rental units by issuing \$8.5 million in Tax Exempt bonds.*
- *HFA homebuyer club education programs projects to serve 200 new members.*

PATRICIA JENNINGS BRAYNON

Department Director

INTRODUCTION

Department Purpose/Mission Statement The HFA is empowered to alleviate the shortage of affordable residential housing available to low- and moderate-income families and individuals in Miami-Dade County. The HFA issues mortgage revenue bonds to provide capital for investment in affordable single and multifamily housing. The Housing Finance Authority's multifamily bond issues are projected to total over \$8.5 million for fiscal year 2004-05. The 2004 Single Family bond program was extended through March 2005, this program will generate approximately 80 new homeowners in Miami-Dade County.

The HFA intends to continue to blend available **HOME** funds with bond proceeds to make home ownership affordable for low and moderate- income first-time homebuyers in Miami-Dade County. HOME funds are federal dollars obtained from the Office of Community and Economic Development. HOME funds are used as 0% second mortgage financing for HFA customers who meet established program guidelines. HOME funds are provided to qualified buyers on a deferred basis and with program prescribed deed restrictions.

The HFA also receives funding under the American Dream Downpayment Initiative (ADDI) which is an additional source of subsidy to fund mortgages for low and moderate income first time homebuyers.

The HFA and its Foundation continue to offer home buyer education workshops exclusively for first time home buyers at various locations throughout Miami-Dade County. The **anti-predatory lending education** and marketing program continues to operate in conjunction with the Anti-Predatory lending work group. This initiative has been integrated into existing homebuyer club meetings and continues to be marketed by each work group partner.

Department Description

Alleviates the shortage of affordable residential housing available to low and moderate income families and individuals. Issues mortgage revenue bonds to provide capital for investment in affordable multifamily and single-family housing.

Organization and Staffing Levels

Insert functional table of organization here showing reporting relationships; brief, bulleted descriptions of the major programs/functions performed by each area; as well as staffing and expenditures for the prior and current year for each year.

Housing Finance HFA DIVISION STAFFING CHART

<u>04-05</u>		<u>05-06</u>
1	Director	1
1	Senior Executive Secretary	1
1	Special Projects Administrator I	1
2	Administrative Officer 2	2
1	Trust Account Manager	1
2	Administrative Officer 3	0
1	Assistant Administrator	1
1	Clerk III	1
<hr/> 09		<hr/> 08

<u>04-05</u>	DIVISION TOTALS	<u>05-06</u>
09	Full-time Positions	08

No additional major changes in staffing or organization are anticipated for fiscal year 2005-06.

Staffing Levels

Functional Unit	FY 05 Budget (Prior Year)	FY 06 Budget (Current Year)
Administration	926,000	1,004,000
Operations	1,577,000	1,813,000
Total	2,503,000	2,817,000

Fiscal Environment

Revenues and Expenditures by Fund

(All Dollars in Thousands)

	Total Annual Budget		
	Prior Fiscal Year 05 Actual	Current Fiscal Year 06 Budget	Projection as of 12/31/05
Revenues			
MF Fees	2,376,985	1,050,000	1,030,000
SF Fees	584,229	123,000	100,000
Interest	1,129,692	932,000	1,000,000
Miscellaneous	128,658	25,000	20,000
Cash Carryover	0	687,000	380,000
Total	4,219,564	2,817,000	2,530,000
Expense			
Personnel	1,008,032	1,087,000	1,030,000
Operational	1,352,757	1,718,000	1,500,000
Capital	0	12,000	0
Total	2,360,789	2,817,000	2,530,000

Equity in pooled cash (for proprietary funds only)

Fund/ Subfund	Prior FY 05 Beginning Year Actual	Prior FY 05: Year- end Actual Actual	Current FY 06 Year-end Budget
Other Entity	836,337.00	729,896.00	750,000.00
Total	836,337.00	729,896.00	750,000.00

Insert discussion of major funding sources, major variances in revenues and expenditures from prior years, and significant in-kind services here focused on performance impacts

FINANCIAL HIGHLIGHTS

- ⊙ During the current fiscal year, the HFA received one application for multifamily bonds totaling \$8.5 million dollars for one new development within the county. When completed, this development will provide 100 rental units for qualified low- and moderate-income families. These bonds are not an obligation to the HFA since they are issued as conduit debt and therefore not recorded in the financial statements.
- ⊙ The HFA utilized \$849,236 in HOME funds in conjunction with bond proceeds to provide affordable mortgages to 12 individuals and families earning less than 80% of the median income for the county. Over \$89,551 in American Dream Downpayment Initiative funding was utilized for 9 first time home buyers.
- ⊙ The HFA and its Foundation will continue to provide workshops for potential first time homebuyers in Miami-Dade County. These workshops will be offered at various locations within the county. Over 250 first time home buyers were certified during this fiscal year.
- ⊙ The HFA's Anti-Predatory Lending program continues to provide in-take and referral services for affected homeowners. Over forty (40) cases were reviewed during this fiscal year.
- ⊙ The HFA continues to offer a matching savings program to assist low- and moderate-income individuals and families. The funds saved by the families are matched dollar-for-dollar up to a maximum of \$5,000 to be used towards the purchase of a home. Since its inception, 244 accounts have been opened of which 81 remain active. The program to date has disbursed approximately \$296,881 to 85 families.

Business Environment

Market conditions continue to dictate the interest rate the HFA is able to obtain and lock-in during the bond issuance process. Interest rate fluctuations in the market impacts the amount of proceeds generated from each issuance as well as the HFA's ability to exhaust bond proceeds over the issue period. In recent years, the HFA has invested substantial equity to obtain favorable rates and attractive down payment programs.

Traditionally, when market-driven interest rates are higher than the HFA interest rate, bond proceeds are depleted well within the timeframe built into each issue. When market-driven interest rates are equal to or lower than HFA interest rates, bond proceeds remain unused and the issue maybe extended, at a cost, for a set period depending upon market forecasts and other factors. An HFA benefit is the provision of down payment assistance and the ongoing efforts of its not-for-profit housing Foundation which provides a source of customers as well as a source of mortgage industry partners.

HFA mortgage financing is limited to first-time homebuyers, Miami-Dade County geographic limits, and owner occupation of the property. HFA competitors include mortgage lenders in general, and lenders who target first-time homebuyers in particular.

Current rising housing costs have dramatically reduced the availability of affordable housing. To make homeownership attainable for our customers, additional subsidy is required. The soaring cost of housing also includes increases in taxes and insurance, which acerbates the barriers to homeownership.

Critical Success Factors

The greatest critical success factor is the relationship between the HFA bond issue and the established financial market. In order for the HFA to obtain a competitive interest rate that will remain competitive for a 12-18 month period, the HFA must obtain the lowest possible interest rate and significant down payment and other purchase assistance options. HFA advisors forecast and anticipate future market conditions as correctly as possible. Without favorable market conditions the HFA faces an overall unfavorable financial dilemma.

Another critical factor is the availability of funding for second mortgages and down payment/closing costs assistance. The HFA uses subsidy financing to bridge the gap between working families and the costs of workforce housing. Soaring housing prices, flat incomes, and extremely active hurricane seasons fuel market conditions that are all together unfavorable for first time home buyers in Miami-Dade County. These factors impact the HFA's ability to meet its goal of effecting 80 new homeowners in Miami-Dade County through its current bond issue. Without control over the market price of homes or the incomes of buyers, the HFA provides education, and where applicable, financial assistance to help buyers make the best possible choice for their family and financial situation.

Education is a critical success factor because qualifying for a mortgage does not guarantee long-term success as a homeowner. People will surely purchase homes without HFA financing and without HFA sponsored education. Uninformed and uneducated homebuyers are much more susceptible to predatory lending and foreclosure. The HFA provides classes in English, Spanish, and Creole throughout the county and throughout the fiscal year. Information is also available via the County's web portal.

Market conditions also affect the HFA's competitors: other mortgage lenders. The commission-based structure of mortgage lending drives loan officers to close loans for income. That same structure does not require counseling and education at the level the HFA offers homebuyer education. Homebuyer education is a product of the Federal government's concern that first-time homebuyers need information and counseling to help them make an informed decision about purchasing a house. Federal dollars earmarked for housing require a minimum of 8 hours of homebuyer education.

Future Outlook

The HFA continues to educate and finance low and moderate income first time home buyers in Miami-Dade County. The HFA's single family homeownership programs and it's homebuyer clubs work hand in hand for first time homebuyers. The strength of the HFA's homebuyer clubs depends upon its education and partnership strategies. Both private industry and public entity partners contribute invaluable to the success of first-time homebuyers in Miami-Dade County. New mortgage products and creative use of existing products is one option for closing the income to housing price gap buyers face. Additionally, the creation of a viable post-purchase program could substantially impact the future efforts of predatory lenders throughout Miami-Dade County.

The degree to which the HFA is successful with first-time homebuyers impacts the future of the anti-predatory lending program. The cities of Miami Gardens, Hialeah, and North Miami and the neighborhoods of Overtown, Little Havana, Richmond Heights, Cutler Ridge, and Liberty City are all well established homeownership havens that are vulnerable to predatory lending scams. The success of the HFA's anti-predatory lending education program lies in its partnership with the Anti-Predatory lending work group which consists of local, state, and federal law enforcement and community-based organizations. In cooperation with the work group, the HFA's anti-predatory lending program can make a tremendous impact on the quality of life of elderly, disabled, and other equity-rich low-income homeowners.

Continued access to HOME and other homeownership funding sources is critical to the success of HFA's single family program. Individual and family incomes are far out-paced by housing and rental prices. Mortgage subsidies and savings incentives programs are cost effective investments that result in long-term positive financial impacts. Homeownership traditionally builds family wealth, and improves the quality of life in ownership neighborhoods verses rental communities.

The HFA's 2005-06 forecast for new homeowners via the bond program estimates 80 home closings. The 2005-06 fiscal year rental program projects the development and or rehabilitation of 100 rental units in Miami-Dade County. The homebuyers club is estimated to grow by 200 new active members during fiscal year 2004-05.

THE PLAN

Overview

Our FY 2005 –06 business plan draws heavily on previously adopted work including the Miami-Dade County Strategic Plan. Miami-Dade County's Strategic Planning initiative is both a plan and a process. The plan provides a framework at a broad Countywide level where we want to go, how we get there, and how we measure our progress along the way. The process ensures increased communications at all levels of County government using consistent terms. These terms were incorporated in the document adopted by the Board.

- Our Countywide *Vision* communicates the community's shared vision for the best possible future for Miami-Dade County government.
- Our Countywide *Mission* statement communicates the role of our government. Miami-Dade County's mission statement is "Delivering excellent public services to address the community's needs and enhance our quality of life".
- Our *Guiding Principles* communicate to all levels of our organization the manner in which we expect all decisions, interactions and activities to be performed.
- Our *Strategic Themes* represent what we consider to be the most significant challenges and opportunities facing Miami-Dade County government.
- We have developed *Goals* across all County Departments. These goals provide the direction the County must move in to address the priority strategic themes and help guide us towards the desired future.
- For each goal we have defined a desired *Outcome* or set of outcomes that the County must achieve to be successful in accomplishing the goal. These outcomes are from the customer/community perspective (e.g. quality of service provided, customer satisfaction).
- For each outcome(s), implementing *Strategies* summarize at a broad countywide level the actions that will be taken to achieve the outcome(s).
- *Key Performance Indicators* are the measures that express the County's intentions from the Strategic Plan. Associated *Key Performance Objectives* assign measurable targets and timelines to the key performance indicators while the *Performance Measure* is the specific unit of measure. Departments may develop *Additional Performance Objectives*.
- *Department Activities, Tasks or Programs* are actions or groups of actions that will be undertaken by a particular department in a specific fiscal year in order to implement a strategy.

As part of the County's Strategic Plan, the Board of County Commissioners endorsed nine priority strategic themes countywide. This Department is primarily supportive of the following strategic themes:

- *HH5: Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County*
- *ED1: Allocate County Government Resources in support of activities that increase and diversify jobs and incomes while eliminating socioeconomic disparities*

Supporting these themes are supporting goals and priority outcomes that directly relate to this department. These are provided along with the Department's Tasks, Activities, and Performance Measures for fiscal year 2006.

Department-related Strategic Plan Goals:

- *HH5:1 Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County*
- *ED1:3 Existing Strategic Plan Goal does not apply*

Department-related Strategic Plan Priority Outcomes:

- *HH5:1 Existing Strategic Plan Outcomes do not apply*
- *ED1:3 Increase number of low to moderate income homeowners*

Departmental Business Plan and Outlook
Department Name: Housing Finance Authority
Fiscal Years: 2005-2006

Goal: ED1: NA					
Outcome /ED1-3: ED1-3: Increased number of low to moderate income homeowners (priority outcome)					
Strategies: <ul style="list-style-type: none">Continue providing low interest loans, down payment and closing cost assistance to low and moderate income home buyersContinue to provide low interest construction financing and incentives to developers of affordable housingContinue partnerships with local lenders and intermediaries to facilitate homeownership opportunities for low and moderate income homebuyers and protect these buyers against predatory lending practicesPursue additional revenue sources to fund the County's affordable housing programs					
Key Performance Indicator(s)/Objective(s) (From Strategic Plan): <i>Attain 80 new loans to low and moderate income persons closed per year</i>					
DEPARTMENT PERFORMANCE OBJECTIVE(S)				TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 03-04 ACTUAL	TARGETS			
		FY 04-05	FY 05-06		
PROVIDE AFFORDABLE MORTGAGE FINANCING FOR ELIGIBLE LOW AND MODERATE INCOME FAMILIES IN MIAMI-DADE COUNTY	172	80	80	1. Recommend best utilization of bond volume cap annually and coordinate SF bond issue with lender and buyer demand. 2. Work with financial advisors to secure lowest cost funding and utilize bond financing structure with highest net present value of fees and residuals. 3. Work with financial advisors to offer loans with lowest feasible interest rate and attractive down payment assistance. 4. Coordinate financing and education efforts with lenders and developers of affordable SF housing. 5. Market housing programs using traditional and non-traditional outlets and methodologies. 6. Secure grants to help fund education, community outreach, and purchase assistance programs.	1. DIRECTOR 2. DIRECTOR 3. DIRECTOR 4. SPAI 5. SPAI 6. TRUST MG & AO2

Departmental Business Plan and Outlook
Department Name: Housing Finance Authority
Fiscal Years: 2005-2006

Goal: HH5: Provide adequate, quality, and affordable housing equitably throughout Miami-Dade County

Outcome1-2: HH5-1: Increased availability of affordable and special needs housing (priority outcome)

Strategies:

Existing strategies do not apply.

Key Performance Indicator(s)/Objective(s) (From Strategic Plan):

- 10% increase in the number of affordable and special needs housing over the next 5 years

DEPARTMENT PERFORMANCE OBJECTIVE(S)				TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 04 ACTUAL	TARGETS			
		FY 05	FY 06		
FUND MULTIFAMILY DEVELOPMENTS IN MIAMI-DADE COUNTY THAT MEET HFA CRITERIA FOR QUALITY AND AFFORDABILITY	180	100	0	1. WORK WITH FINANCIAL ADVISORS TO SECURE VOLUME CAP FOR PRODUCTION AND REHAB OF AFFORDABLE RENTAL UNITS. 2. PERFORM 100% MONITORING OF EXISTING MULTIFAMILY PORTFOLIO. 3. SEEK TO MAXIMIZE LEVERAGING OF NEW MF VOLUME CAP. 4. SEEK INCENTIVES TO ENCOURAGE DEVELOPERS TO INVEST IN RENTAL HOUSING. 5. COORDINATE EXAMINATION OF MF DESIGN PROPOSALS FOR ADHERENCE TO ARCHITECTURAL ADVISOR COMMITTEE QUALITY STANDARDS. 6. EDUCATE POTENTIAL MULTIFAMILY OWNERS AND DEVELOPERS ABOUT ADVANTAGES OF TAX-EXEMPT FINANCING AND TIMELY REFUNDING.	1. Director 2. AO2 3. Director 4. Director 5. AO2 6. Director

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